



## COLLINS &amp; HUGHES REPORTING AND VIDEO SERVICE

1 Q. And you don't recall any training that  
2 JP gave DMS about managing its block of business?  
3 A. Again, as I had said previously, you  
4 know, we gave them copies of policies, policy forms,  
5 claimants' statements, authorization. Those are just  
6 items that I can think of at this point. There may  
7 have been others.

8 Q. And how they went about doing their job  
9 was up to them?

10 A. They did their job based on policy  
11 provision and the claim investigation that they were  
12 doing.

13 Q. You presume, right? You're presuming  
14 they did that that way. No one at Jefferson-Pilot  
15 oversaw the way they went about doing their work.

16 A. I was never in DMS's office that I  
17 recall.

18 Q. No one at Jefferson-Pilot oversaw the  
19 manner in which DMS was doing its work, correct?

20 MR. MEAGHER: Objection, calls  
21 for speculation. You can answer.

22 A. As I had indicated earlier in the  
23 deposition, I received periodic reports on items that  
24 were -- on the claim handling that was being done.

25 Q. But those didn't comment on the manner

1 A. DMS was our third-party administrator  
2 handling the claims. They could have always called  
3 the home office claim department. But I do not know  
4 the answer to your question.

5 Q. Right. The fact of the matter is you  
6 don't have any information about what they were saying  
7 or not saying to policyholders?

8 A. I don't recall anything at this point.  
9 (Mr. Kearney confers with  
10 Counsel.)

11 Q. Did DMS interact with Jefferson-Pilot  
12 with regard to settlement of claims?

13 A. What do you mean by settlement?  
14 Q. Agreeing to resolve a dispute with a  
15 policyholder for the payment of some consideration.

16 A. Yes.

17 Q. I can't remember what the question was  
18 you're answering.

19 A. Yes, they would have consulted with  
20 Jefferson-Pilot.

21 Q. Were they in every instance required to  
22 get your approval for some settlement proposal?

23 A. I'm not certain on every proposal for  
24 settlement. Generally, yes.

25 Q. Who was the person that DMS would need

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1 in which DMS was doing its job, did they?  
2 A. Not that I recall.  
3 Q. So nobody at Jefferson-Pilot oversaw  
4 the manner in which DMS was going about interacting  
5 with claimants, correct?

6 MR. MEAGHER: Objection,  
7 speculation. You can answer.

8 A. I never saw any complaints regarding  
9 that.

10 Q. Didn't ask you that question.

11 A. Okay.

12 Q. Was there anybody at Jefferson-Pilot  
13 that oversaw the manner in which DMS was interacting  
14 with Jefferson-Pilot policyholders?

15 A. That would have been part of my  
16 responsibility that I would have judged based on  
17 complaints that I received from policyholders if I --  
18 or from claimants.

19 (Mr. Kearney confers with  
20 Counsel.)

21 Q. Do you know, sir, whether or not DMS  
22 was instructing its -- the policyholders -- or that  
23 DMS was instructing the JP policyholders to not  
24 contact Jefferson-Pilot but rather deal exclusively  
25 with DMS?

1 to interact with to receive authorization to extend a  
2 settlement proposal to a policyholder?  
3 A. It would have been me.  
4 Q. Would you have interacted with the  
5 lower level claim examiners or would it be the claims  
6 manager at DMS who would contact you for that  
7 authority?

8 A. I don't recall who it would have been.  
9 Q. Do you recall authorizing anybody at

10 DMS to ever settle a claim for greater than \$200,000?

11 A. Again, it's been so long, I just -- I  
12 don't remember what amounts would have been -- you  
13 know, what the maximum amount they would have  
14 requested settlement for.

15 Q. That's within the ballpark of  
16 conversations you would have had with them, that type  
17 of number?

18 MR. MEAGHER: Objection to form.

19 A. Or less or more.

20 Q. Was it the situation where if they were  
21 going to go to a policyholder and say, hey, we'll pay  
22 \$250,000 to settlement the dispute, would they have  
23 needed your authority to make that proposal?

24 A. There was -- I think there was some  
25 limit where they would have to get my authority, but I

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1 don't recall what that amount was.  
 2 Q. You don't know if it's north or south  
 3 of \$250,000?  
 4 A. I really don't. I just don't recall.  
 5 (Mr. Kearney confers with  
 6 Counsel.)  
 7 Q. If the agreement suggests that the  
 8 threshold for seeking authorization is less than  
 9 \$100,000, was it your expectation that before they  
 10 made settlement offers at -- north of \$200,000, they  
 11 would have come to you and asked for your authority?  
 12 A. I don't know what -- I don't know what  
 13 the agreement says. I don't recall what it says.  
 14 Q. Assume for me it says \$75,000.  
 15 A. I'm sorry?  
 16 Q. Assume for me that it says \$75,000,  
 17 okay? Would it be your expectation that they would  
 18 interact with you before offering to settle a claim  
 19 for \$250,000?  
 20 A. I would assume that, yes.  
 21 Q. And what type of information would you  
 22 have required to judge for yourself whether that  
 23 number was appropriate or not?  
 24 A. I would ask for details.  
 25 Q. Did you get memoranda saying, you know,

1 Q. Swink.  
 2 A. He may have.  
 3 Q. Did he have authority from you to  
 4 authorize settlement of claims north of \$200,000?  
 5 A. No.  
 6 Q. Do you know Mr. Kearney?  
 7 A. No, I do not.  
 8 Q. Do you recall anything about  
 9 Mr. Kearney being a policyholder or claimant of  
 10 Jefferson-Pilot?  
 11 A. No, I do not.  
 12 Q. Do you recall an occasion in 2001 where  
 13 Mr. Hughes or Mills or Ditmar sought your authority to  
 14 settle Mr. Kearney's claim?  
 15 A. No, I do not.  
 16 Q. When you authorized the settlement of  
 17 claims or disputes with policyholders, did you discuss  
 18 with DMS the other materials that would go with the  
 19 offer; for example, how long the offer would be open,  
 20 things like that?  
 21 A. I don't specifically recall discussing  
 22 those items.  
 23 Q. And as a general manager, if you  
 24 learned that DMS was making settlement proposals to  
 25 policyholders and giving them 15 minutes to make the

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1 Joe Blow claimed X, Y, Z disability, here's what we  
 2 know, here's what he claims, here's the dispute,  
 3 here's what we'd like to propose?  
 4 A. I don't recall getting any memoranda  
 5 regarding that.  
 6 Q. It was all just over the phone?  
 7 A. Telephonic.  
 8 Q. Catch you on the fly, here's the deal,  
 9 what do you say, yes or no, that kind of thing?  
 10 MR. MEAGHER: Objection to form.  
 11 A. It was usually by telephone.  
 12 Q. And they were usually conversations you  
 13 would cover in a single phone call?  
 14 A. Again, I don't recall. It may have  
 15 been one call or it may have been more than one. I  
 16 may have had additional questions. Again, whatever  
 17 the limitation is, just because it is that limit  
 18 doesn't mean that they wouldn't call on items below  
 19 that limit.  
 20 Q. Right. Did Swift have any interactions  
 21 with DMS along that regard?  
 22 A. Who?  
 23 Q. Who's the gentleman that worked with  
 24 you? Was it Swift?  
 25 A. Paul Swink.

1 decision or the offer was withdrawn, would that have  
 2 disturbed you?  
 3 MR. MEAGHER: Objection, assumes  
 4 facts not in evidence, speculation.  
 5 You can answer.  
 6 A. In my experience, that never happened.  
 7 Q. What if that did happen on an offer  
 8 that you had authorized them to make, is that  
 9 something you would think is consistent with a duty of  
 10 good faith to the policyholder?  
 11 A. Again, my response would be it never  
 12 happened.  
 13 Q. What if it did happen?  
 14 MR. MEAGHER: Objection, assumes  
 15 facts not in evidence, asked and  
 16 answered.  
 17 A. But it didn't.  
 18 Q. Would it be disturbing, if it did?  
 19 MR. MEAGHER: Calls for  
 20 speculation, objection. You can  
 21 answer.  
 22 A. I've never seen a situation where  
 23 someone was given 15 minutes to make a decision.  
 24 Q. Would it be inconsistent, you think,  
 25 with the duty you have to the policyholder to put that

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